

This is a note by Nigel Hamer.

Energy

Private and Confidential

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OIL AND GAS EXPLORATION

1. Introduction

In recent months the level of onshore oil and gas exploration and development has increased considerably. In particular South East England has become a popular exploration area. It seems likely that more groups opposing onshore energy activities will form and the debate will become more political. To what extent this will affect Conservative support remains to be seen.

2. The Alliance's Position

The Alliance is likely to oppose many onshore development projects and may well succeed in stirring up discontent in a number of solid Conservative dominated constituencies.

The Alliance will probably employ the following arguments:

- a) Damage to the Environment: To date onshore oil and gas activities have done little damage. However many of the current discoveries are unfortunately located in areas of quite outstanding natural beauty - or in areas which are claimed to be such. Hence the Liberal's concern with the environment coincides nicely with the aims of local opposition groups.
  
- b) The Drive for Profit by American Predators: Clearly oil companies stand to make substantial profits from exploitation of onshore energy resources. By depicting American oil companies as being run by aggressive and heartless capitalists like J R Ewing of Dallas fame or by John De Lorean, the Alliance could generate considerable opposition and spread deep fear.

- c) The Lack of Jobs: Unlike most industrial developments, few jobs will be created locally. Whilst some money may be generated in the local economy, most profits will be retained by the operating companies or passed on to their shareholders.

### 3. Government Policy

In April 1984 the Department of Energy announced the introduction of a new licensing regime for onshore oil and gas activities. The new arrangements will provide a framework closely linked to the three phases of oil and gas work - exploration, appraisal and production. Planning approval will be required, before the Department of Energy agrees to an application to drill an onshore well.

In August the Department of the Environment began a consultation procedure by issuing draft proposals. The draft starts by pointing out that the Government's fundamental policy is to ensure the maximum economic exploitation of oil and gas reserves. The Government expects to publish its guidelines for the development of onshore oilfields by the end of the year.

### 4. Areas of Major Onshore Development

- a) South East Dorset: This area is being developed by BP, who are intending to increase output at their Wytch Farm site from 4,000 barrels per day to 40,000 barrels per day. Recent discoveries on the Studland peninsula and at Brownsea have worried many conservationists. The Department of Energy has stated that BP will not be permitted to drill offshore from artificial islands in the area. Undoubtedly BP will continue to encounter fierce local opposition to its future investment proposals.

BP has also been operating an inconspicuous nodding donkey rig at the picturesque site of Kimmeridge Bay.

During the last few weeks, the British Gas Corporation announced that it has discovered gas reserves a few miles off the Bournemouth Coast.

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- b) Hampshire: The Humbly Grove well near Basingstoke was drilled in 1980. Proposals are being considered for other sites nearby, such as at Herriard and Holybourne. At Horndean, which is south of Petersfield, oil was discovered in 1980.
  - c) Surrey: During the Surrey South West by-election, Conoco announced a major onshore gas discovery at Chiddingfold. There is some evidence that the Conservative vote at nearby Haslemere was adversely affected by this discovery, especially as some Conservative supporters immediately formed an action group. Conoco held a poorly organised local meeting during the by-election, which provoked extremely strong opposition to the company's proposals. In the East Surrey area, there is a gas well at Bletchingley near Godstone and oil has been found a few miles north at Palmer's Wood near Biggin Hill.
  - d) Exploration in Kent and Sussex is likely to increase. Some oil has been found to the north of Brighton, whilst drilling tests at Benenden, to the east of Tunbridge Wells, have proved positive. This has already sparked off local activity.

- e) East Midlands: BP has recently found oil in two wells in Nottinghamshire - Farleys Wood near Retford and at Cropwell Butler near Nottingham. Exploration is also taking place in Lincolnshire and on Humberside.
- f) Estuary Exploration. The Department of Energy has recently awarded three petroleum production licences in the Humber Estuary, Liverpool Bay and the Solent. The latter provoked strong opposition from leading spokesmen in South Hampshire and the Isle of Wight.

Conclusion

It is difficult to assess what impact onshore oil and gas discoveries will have on the Conservative vote, especially in the South East. Clearly the Alliance will be working hard to make an impression in safe Conservative seats in the South. Widespread development of oil and gas resources could be a major ally to the Alliance in stirring up local dissatisfaction. Local MP's find themselves in a difficult position in trying to reconcile the nation's energy requirements with the wishes of some of their constituents.

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